



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

AUG 31 2004

Honorable Rita H. Inos
Commissioner of Education
CNMI Public School System
P.O. Box 501370CK
Saipan, MP 96950

Dear Commissioner Inos:

We have determined that the Commonwealth of the Northern Mariana Islands' (CNMI) application for Federal Fiscal Year (FFY) 2004 funds, under Part C of the Individuals with Disabilities Education Act (Part C), can be approved. Therefore, I am enclosing CNMI's Part C grant award.

The approval is based upon our receipt of required assurances for FFY 2004. This includes the assurance from the CNMI Public School System (CNMI DOE) that the territory-wide system of early intervention services required by Part C and its implementing regulations is in effect.

CNMI's Part C grant award is being released subject to the special conditions identified in the U.S. Department of Education's August 11, 2004 letter to CNMI regarding the Single Audit Act (copy enclosed) that are being imposed pursuant to the Department's authority under 34 CFR §80.12. The following special conditions will apply to the unexpended portion of the FFY 2003 Part C grant:

1. **Single Audits and Reports:** CNMI shall continue to conduct single audits and submit reports on an annual basis in a timely and complete manner. All single audits shall be completed and the reports published within nine months after the end of each fiscal year, as required by the Single Audit Act of 1984, as amended. If, for any reason, CNMI or CNMI DOE expects an audit or report to be delayed and late, it shall notify the Department's contact as soon as possible.
2. **Updates on CNMI Web Site:** CNMI DOE shall continue to post information regarding its budget, application, and reports on its website for access by the general public.
3. **Reporting Requirements:** CNMI DOE shall continue to provide a detailed report on a biennial basis that describes its administration of program funds, including expenditures, and progress for each significant aspect of the programs at the district and State levels. Specifically, CNMI DOE shall also demonstrate how it is addressing the repeat audit findings associated with monitoring and evaluating Department programs, and tracking of property purchased with Department funds. These reports shall be signed by the

authorized official of CNMI DOE and submitted to the Department no later than thirty days after the end of each 6-month period (for example, the first half of the year ends on December 31, 2004, therefore the report will be due January 31, 2005). If a report is not timely or is not considered acceptable by the Department, i.e., does not contain enough information to demonstrate progress, after consultation with CNMI DOE, the Department may restrict the amount of grant funds that can be drawn down until sufficient documentation is provided.

This year, a number of Part C grantees have either established systems of payments or are considering establishing or revising their systems of payments. Under 34 CFR §303.173(a), each Part C application must include the State's or territory's policies and procedures that identify: (1) how it will pay for early intervention services (under 34 CFR §303.520(a)); (2) any system of payments that the State chooses to establish (under 34 CFR §303.521(a)); and (3) all funding sources (under 34 CFR §303.522). Although a State or territory is not required under Part C to access public and private insurance available to a family, if a State or territory requires parents under Part C to access their public and/or private insurance, the State or territory must include this information in its Part C application as well as an assurance, under 34 CFR §303.520(b)(3)(ii), that the inability of a parent to pay will not result in the denial of any service under Part C.

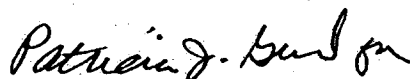
Part C grantees must ensure that all of the functions and early intervention services under 34 CFR §303.521(b) are carried out at public expense (i.e., no cost to the family). Additionally, under 34 CFR §303.521(c), States and territories that provide children with disabilities under age 3 with a free appropriate public education (FAPE) under State or territorial law (i.e., birth-mandate States) must ensure that no fees are charged for the FAPE services provided to these children and their families. If a State or territory has a system of payments under 34 CFR §303.521(a), any parent fees collected (for co-payments or other fees for services charged and received by the State's or territory's Part C program) are "program income" under 34 CFR §80.25. Program income is not included as part of total "State and local expenditures" for purposes of a State's or territory's meeting the non-supplanting requirements under Part C at 20 U.S.C. §1437(b)(5)(B) and 34 CFR §303.124.

The enclosed grant award for FFY 2004 is made with the continued understanding that this Office may, from time to time, require clarification of information within your application and appendices, if necessary. These inquiries are needed to allow us to appropriately carry out our administrative responsibilities related to Part C.

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We appreciate your ongoing commitment to the provision of quality early intervention services to infants and toddlers with disabilities and their families.

Sincerely,

A handwritten signature in cursive script, appearing to read "Stephanie Smith Lee".

Stephanie Smith Lee
Director
Office of Special Education Programs

Enclosure

cc: Suzanne Lizama
Part C Coordinator